

**CITY OF HUNTINGTON BEACH  
LEGAL NOTICE**

**ORDINANCE NO. 4008  
Adopted by the City Council on FEBRUARY 3, 2014**

**"AN ORDINANCE OF THE CITY OF HUNTINGTON BEACH AMENDING ORDINANCE NO. 2615 WHICH GRANTED AN OIL PIPELINE FRANCHISE"**

**SYNOPSIS:**

City Council approved a Franchise Agreement with Paramount Petroleum Corporation (Paramount) for the operation and maintenance of an existing pipeline system used for the transportation of oil, gas, and other hydrocarbon substances. The pipeline system consists of approximately 86,400 linear feet of 6-inch, 10-inch and 12-inch diameter pipe.

Cenco Refining, the former pipeline owner, held the last valid franchise agreement, which expired on December 31, 2005. In August 2006, Alon USA Energy, Inc., the parent company of Paramount, purchased the rights to the pipeline. The pipeline has been idle since its acquisition and is expected to remain idle for the next five to ten years. The Franchise Agreement allows Paramount to maintain the pipeline on standby and to preserve the pipeline for future use. Without the implementation of a Franchise Agreement, Paramount would be required to abandon the pipeline and lose its ability to reactive the pipeline in the future.

The Agreement incorporates the changes made to Chapter 3.44 - Pipeline Franchises of the Huntington Beach Municipal Code in 2010. Terms of the Franchise Agreement include:

- Term: 10 years
- Base Grant Fee: \$11,470
- Base Annual Fee: 2014 fee estimated at \$117,024 (75% of Base Annual Fee will be collected during inactive status)
- Maximum Inactive Status Period: 10 years
- Reinstatement Fee: \$639,753.92 (paid over 120 monthly payments of \$5,331.28)
- Corporate Surety Bond of \$100,000
- Liability, Environmental and Workers Compensation Insurance

The agreement provides substantial general fund revenue, estimated at \$151,743 annually for a ten year period, and ensures continued maintenance and responsibility for a vast pipeline network currently present within City right-of-way.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting held February 3, 2014 by the following roll call vote:

**AYES:** Katapodis, Hardy, Shaw, Harper, Boardman, Sullivan, Carchio

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**THE FULL TEXT OF THE ORDINANCE IS AVAILABLE IN THE CITY CLERK'S OFFICE.**

**This ordinance is effective 30 days after adoption.**

**CITY OF HUNTINGTON BEACH  
2000 MAIN STREET  
HUNTINGTON BEACH, CA 92648  
714-536-5227  
JOAN L. FLYNN, CITY CLERK**